

Business Tax Return 2004

OR
FISCAL PERIOD _____ TO _____

Calendar Year Taxpayers file on or before April 15
Fiscal Year Due on 15th Day of 4th Month After Year End

City of Cincinnati

Income Tax Division
805 Central Avenue Suite 600
Cincinnati OH 45202-5756
Phone: (513) 352-2546
Fax: (513) 352-2542
Website: www.cincinnati-oh.gov/citytax

THIS SPACE IS FOR OFFICIAL USE ONLY

DID YOU FILE A CITY RETURN LAST YEAR? YES NO	Account Number	Was the business terminated in 2004? YES NO
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Name Address City/State/Zip	FID# _____ - _____	TAX RETURN FOR (Check one) Corporation S-Corporation Partnership LLC Estate Trust Consolidated Return Amended Return
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IF INFORMATION ABOVE IS INCORRECT, PLEASE MAKE CORRECTIONS

1.	Adjusted Federal Taxable Income (Attach Copy of Federal Return) From Form _____ Line _____	\$ _____
2.	Adjustments (From Line M, Schedule X)	\$ _____
3.	Taxable Income before allocation (Line 1 plus/minus Line 2)	\$ _____
4.	Apportionment Percentage (From Step 5, Schedule Y) _____ %	
5.	Cincinnati Taxable Income (Multiply Line 3 by Line 4)	\$ _____
6.	Other Separately Stated Items. Net Operating Loss Carryforward, Cincinnati Stock Options and Cincinnati Rental Income/(Loss)	\$ _____
7.	Amount Subject to Cincinnati Income Tax (Line 5 plus/minus line 6)	\$ _____
8.	Cincinnati Income Tax (Multiply Line 7 by 2.1% [.021])	\$ _____
9 a.	Estimates paid on this year's liability	\$ _____
9 b.	Credits applied to this year's liability	\$ _____
10.	Total Payments and Credits (Lines 9a + 9b)	\$ _____
11.	Tax Due (Subtract Line 10 from Line 8)	\$ _____
12.	Overpayment (Line 10 greater than Line 8)	\$ _____
13.	Amount to be Refunded	\$ _____
14.	Credit to next year	\$ _____

DECLARATION OF ESTIMATED TAX FOR 2005

15.	Total estimated income subject to tax	\$ _____
16.	Cincinnati Income Tax Declared (Multiply Line 15 by 2.1% [.021])	\$ _____
17.	Tax due before credits (at least 25% of Line 16)	\$ _____
18.	Less credits (from Line 14 above)	\$ _____
19.	Net estimated tax due if Line 17 minus Line 18 is greater than zero*	\$ _____
20.	TOTAL AMOUNT DUE —Combine Line 11 above with Line 19 (Make checks payable to the City of Cincinnati)	\$ _____

*First Quarter Estimate should be paid with this return. Subsequent estimated payments are due by the 31st of July, October and January.

If this return was prepared by a tax practitioner, check here if we may contact him/her directly with questions regarding the preparation of this return.

The undersigned declares that this return (and accompanying schedules) is a true, correct and complete return for the taxable period stated and that the figures used herein are the same as used for Federal Income Tax purposes.

SIGNATURE OF PERSON PREPARING IF OTHER THAN TAXPAYER _____ DATE _____ SIGNATURE OF TAXPAYER OR AGENT _____ DATE _____

NAME AND ADDRESS OF PREPARER _____ PHONE NUMBER _____ NAME AND TITLE _____ PHONE NUMBER _____

MAKE CHECKS PAYABLE TO THE CITY OF CINCINNATI

SCHEDULE X—RECONCILIATION WITH FEDERAL INCOME TAX RETURN

ITEMS NOT DEDUCTIBLE	ADD	ITEMS NOT TAXABLE	DEDUCT
A. Capital Losses (Sec 1231 included)	\$	G. Capital Gains.....	\$
B. Income Taxes.....		H. Interest Income.....	
C. Guaranteed Payments to Partners (Retired partners, members or other owners.)		I. Dividends.....	
D. Expenses Attributable to Non-taxable Income (5% of lines H., I., J. and K).....		J. Income from Patents and Copyrights.....	
E. Other.....		K. Other Income Exempt (Explain).....	
.....		
.....		
.....		
F. Total Additions.....	\$	L. Total Deductions.....	\$
M. Combine Lines F and L and enter net on Line 2 _____			

SCHEDULE Y—BUSINESS APPORTIONMENT FORMULA

	a. Located Everywhere	b. Located in Cincinnati	c. Percentage (b / a)
STEP 1. Original Cost of Real and Tangible Personal Property.....			
Gross Annual Rentals Paid Multiplied by 8.....			
TOTAL STEP 1.....			%
STEP 2. Wages, Salaries, and Other Compensation Paid.....			%
STEP 3. Gross Receipts from Sales Made and/or Work or Services Performed.....			%
STEP 4. Total Percentages			%
STEP 5. Average Percentage (Divide Total Percentage by Number of Percentages Used—Carry to Line 4)			%

SCHEDULE Y—1—RECONCILIATION TO FORM W-3 (WITHHOLDING RECONCILIATION)

Total wages allocated to Cincinnati (from Federal Return or apportionment formula).....	\$
Total wages shown on Form W-3 (Withholding Reconciliation).....	\$

Please explain any difference:

Are there any employees leased in the year covered by this return? ____ YES ____ NO

If YES, please provide the name, address and FID number of the leasing company.

Name: _____

Address: _____

FID Number: _____

CITY OF CINCINNATI 2004
BUSINESS INCOME TAX RETURN INSTRUCTIONS

Office Phone: (513) 352-2546

Toll Free General Information: (877) 767-1661

Website: www.cincinnati-oh.gov/citytax

Mail to: 805 Central Ave Suite 600, Cincinnati OH 45202-5756

Returns must be filed by everyone required to submit a Declaration of Estimated Tax, even though Declaration was accurate and paid in full.

This form is to be used by all entities other than sole proprietorships. Sole proprietors must file on the Individual Income Tax Return.

Changes Required by State Law for Tax Year 2004:

1. Uniform Net Profit Tax Base. This base is now defined as Adjusted Federal Taxable Income. Refer to the computation of Adjusted Federal Taxable Income in Line 1 of these instructions.
2. Losses from the sale of Section 1231 property are disallowed. Previously these losses were considered ordinary losses.
3. Uniform Withholding Tax Base. This base is now defined as Qualifying Wages. *“Qualifying wages” generally include amounts reported in the Medicare wage base plus supplemental unemployment compensation benefits described in Section 3402(o)(2) of the Internal Revenue Code and compensation of pre-1986 employees exempt from Medicare that is not in the Medicare wage base solely because of the Medicare grandfathering provision.*
4. The due date for filing Net Profit returns is April 15th, 2005 or the 15th day of the fourth month following the fiscal year end.
5. 5% of intangible income is now subject to the add-back provision. (There is no 50% of interest expense add-back required.)
6. The amount of stock options paid to Cincinnati employees must now be added back to the employer's net profit after the apportionment percentage is applied.
7. All business must use the Schedule Y Three-Step Apportionment Formula to determine the Cincinnati share of taxable income.
8. Original Cost will be used in Step 1 of Schedule Y to determine property value.

Instructions for Completing the Business Income Tax Return for Tax Year 2004

LINE 1: Enter the Adjusted Federal Taxable Income (AFTI). As defined by Ohio Revised Code (ORC) 718.01 AFTI means a C corporation's federal taxable income before net operating losses and special deductions. Other business entities must compute the AFTI as if they were a C corporation. Generally this is Line 23 Schedule K Income (loss) of the Form 1120S for Subchapter S corporations or Line 1 page 4 of the Form 1065 Analysis of Net Income (Loss) for partnerships and Limited Liability Companies.

LINE 2: Enter the total adjustments from Schedule X line M.

LINE 3: Line 1 plus or minus Line 2.

LINE 4: Enter the apportionment percentage from Step 5 of Schedule Y. (See CMC Section 311-7, R7 and ORC 718.02)

LINE 5: Multiply Line 3 by Line 4.

LINE 6: Enter the amount of net operating losses apportioned to Cincinnati. Operating losses may be carried forward for a maximum period of five tax years. *An explanatory schedule is **required** to support the carry-forward operating losses claimed on the return.* Other separately stated adjustments include the Cincinnati portion of Stock Options and Cincinnati Rental Income/(Losses).

LINE 7: Deduct Cincinnati rental losses. Add Cincinnati Stock Options and Cincinnati rental income. Deduct the amount of losses claimed from prior years.

LINE 8: Multiply Line 7 by 2.1% (.021)

LINE 9a: Enter the amount of estimated tax payments. Estimated payments may be subject to the underpayment of estimated tax penalty. Businesses must remit quarterly estimates equal to 100% of the prior year's tax or 70% of the current year's tax.

LINE 9b: Enter the amount of the overpayment from prior years credited to 2004 and the amount of certified Jobs Credits.

LINE 10: Line 9a plus Line 9b.

LINE 11: Taxes paid after the due date may be subject to interest and penalties as determined by CMC Section 311-63.

LINE 12: Enter the amount of Line 10 greater than Line 8.

LINE 13: Enter the amount to be refunded.

LINE 14: Enter the amount to be credited to tax year 2005 estimated tax liability.

Instructions for Completing the Declaration of Estimated Tax Return for Tax Year 2005

The taxpayer shall base the estimated tax on the preceding full year's tax liability, or on the preceding three-month period, annualized for the remainder of the year, and updating this estimate by amendment as necessary each succeeding three-month period so that at least 90 percent of the annual Cincinnati tax liability to be ultimately determined shall have been paid by estimate within one month following the close of each such period so applicable.

LINE 15: Enter the amount of estimated income for 2005 using one of the two safe harbors above.

LINE 16: Enter the total tax due for 2005.

LINE 17: Divide Line 16 by 4 to determine the amount of estimated tax for the first quarter.

LINE 18: Enter the amount of credits from Line 14.

LINE 19: Enter and remit the net estimated tax due if Line 17 minus Line 18 is greater than zero. This is the first of four quarterly estimated tax payments. The second payment is due on July 31, 2005 and is equal to the total estimated tax on line 16 divided by 4 less any overpayment still available from prior years. Third payment is due October 31, 2005 and the final estimated payment is due January 31, 2006.

LINE 20: TOTAL AMOUNT DUE WITH RETURN Combine Line 11 and Line 19

Schedule X – Reconciliation with the Federal Return

- A. Enter the amount of capital loss that is reported on the Federal Schedule D. Include losses from 1231 property.
- B. Enter any local or state income taxes that were deducted in arriving at the income amount on Line 1.
- C. Enter any guaranteed payments or similar payments made to partners, members or other owners that were deducted in arriving at the income amount on Line 1.
- D. Enter 5% of the intangible income included in Line 1 of the Business tax return that is not directly related to the sale, exchange or other disposition of property described in Section 1221 of the Internal Revenue Code. For city tax purposes, "intangible income" means income of any of the following types: income yield, interest, capital gains, dividends, or other income arising from the ownership, sale, exchange, or other disposition of money, or credits as those terms are defined in Chapter 5701 of the Ohio Revised Code, and patents, copyrights, trademarks, trade names, investments in real estate investment trusts, investments in regulated investment companies, and appreciation on deferred compensation. "Intangible income" does not include prizes, awards, or other income associated with any lottery winnings or other similar games of chance. "Intangible income" also does not include capital gains arising from the ownership, sale, exchange or other disposition of real property and tangible personal property. Generally, this will be equal to 5% of the sum of lines (H) Interest, (I) Dividends and (J) Royalties.
- E. Other. Please provide a complete explanation. Examples: Losses from Flow-Thru Entities, Real Estate Rental Losses.
- F. Add lines A through E.
- G. Enter the amount of capital gain that is reported on the Federal Schedule D.
- H. Enter the amount of intangible interest income.
- I. Enter the amount of intangible dividend income.
- J. Enter the amount of intangible income received from patents, royalties or copyrights.
- K. If Line 1 of the return includes other income exempt from municipal tax, enter on this line and explain. For example, if the Federal Targeted Jobs Credit adjustment understates your salary and wage expense reported for Cincinnati purposes, an adjustment restoring the amount of the credit adjustment must be made in order to properly reflect total salaries and wages paid. *Attach a copy of Federal Form 5884 when filing your Cincinnati Tax Return.*
- L. Add Lines G-K.
- M. Combine lines F and L. Insert as an addition (or deduction) on Line 2.

Schedule Y – Apportionment to Cincinnati (CMC 311-7)

Step 1. (a) The original cost of the real and tangible personal property owned or used by the taxpayer in the City of Cincinnati during the taxable period to the original cost of all of the real and tangible personal property owned or used by the taxpayer during the same period, wherever situated.

(b) Real property shall include property rented or leased by the taxpayer and the value of such property shall be determined by multiplying the annual rental thereon by eight.

(c) Sum the amounts Located Everywhere and the amounts located in Cincinnati. Divide the Cincinnati total by the Everywhere total.

Step 2. Total compensation paid during the period to persons employed in the business for services performed in the City of Cincinnati to total compensation paid during the same period to persons employed in the business everywhere. Do not include amounts paid to contractors.

Step 3. Gross receipts of the business or profession from sales made and services performed during the taxable period in the City of Cincinnati to gross receipts of the business or profession during the same period from sales and services, wherever made or performed.

In the event the foregoing allocation formula does not produce an equitable result, the board of review, upon application of the taxpayer, or the tax commissioner, shall, under uniform regulations adopted by the board, have the authority to substitute other factors or methods calculated to effect a fair and proper allocation.

D-1 QUARTERLY PAYMENT OF ESTIMATED NET PROFIT TAX

CINCINNATI INCOME TAX BUREAU
P O BOX 634580
CINCINNATI OH 45263-4580

2005

FOR OFFICIAL USE ONLY

Enter your name and address here

ACCOUNT NO:

FED ID NO:

SSN NO:

TAX RATE: 2.10%

QUARTER ENDING: **MARCH 31, 2005**DUE DATE: **APRIL 30, 2005**

AMOUNT DUE \$ _____ DATE _____

PHONE _____ SIGNATURE _____ TITLE _____

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D-1 QUARTERLY PAYMENT OF ESTIMATED NET PROFIT TAX

CINCINNATI INCOME TAX BUREAU
P O BOX 634580
CINCINNATI OH 45263-4580

2005

FOR OFFICIAL USE ONLY

Enter your name and address here

ACCOUNT NO:

FED ID NO:

SSN NO:

TAX RATE: 2.10%

QUARTER ENDING: **JUNE 30, 2005**DUE DATE: **JULY 31, 2005**

AMOUNT DUE \$ _____ DATE _____

PHONE _____ SIGNATURE _____ TITLE _____

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D-1 QUARTERLY PAYMENT OF ESTIMATED NET PROFIT TAX

CINCINNATI INCOME TAX BUREAU
P O BOX 634580
CINCINNATI OH 45263-4580

2005

FOR OFFICIAL USE ONLY

Enter your name and address here

ACCOUNT NO:

FED ID NO:

SSN NO:

TAX RATE: 2.10%

QUARTER ENDING: **SEPTEMBER 30, 2005**DUE DATE: **OCTOBER 31, 2005**

AMOUNT DUE \$ _____ DATE _____

PHONE _____ SIGNATURE _____ TITLE _____

D-1 QUARTERLY PAYMENT OF ESTIMATED NET PROFIT TAX

FOR OFFICIAL USE ONLY

CINCINNATI INCOME TAX BUREAU
P O BOX 634580
CINCINNATI OH 45263-4580

2005

Enter your name and address here

ACCOUNT NO:

FED ID NO:

SSNNO:

TAX RATE: 2.10%

QUARTER ENDING: **DECEMBER 31, 2005**

DUE DATE: **JANUARY 31, 2006**

AMOUNT DUE \$ _____ DATE _____

PHONE _____ SIGNATURE _____ TITLE _____

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